

**COUNTY EMPLOYEES' ANNUITY & BENEFIT FUND OF COOK COUNTY**  
**And Ex-Officio for the**  
**FOREST PRESERVE DISTRICT ANNUITY & BENEFIT FUND**  
**MEETING OF THE BOARD OF TRUSTEES**  
**33 N. DEARBORN STREET-STE. 1000**  
**CHICAGO, ILLINOIS 60602**

**Minutes for December 8, 2011 Meeting of the Board**

The County Fund and the Forest Preserve District Fund are herein collectively referred to as the "Fund".

Call to Order and Roll Call.

Trustees Present: Clem Balanoff, Robert Benjamin, John Fitzgerald, Alexis Herrera, Robert Janura, Brent Lewandowski, Patrick J. McFadden and Kurt Summers;

Staff Present: Daniel R. Degnan, Executive Director; Nickol Hackett, Chief Investment Officer; Angela McMillin, Director of Health Benefits; Michael Maratea Director of Finance; Paul Rzeszutko, Director of Annuity Benefits, Gary LeDonne, Senior Benefits Advisor; Sharon Ryan, Office Manager;

Others Present: Mary Pat Burns, Burke Burns & Pinelli, LTD; Mark Rosenfeld, Office of Commissioner Bridget Gainer; Ed Rozell; Loop Capital

1. Review and Consideration of:

a. November 3, 2011 Board Meeting Minutes.

It was moved by Trustee Balanoff and seconded by Trustee Janura that the minutes of the November 3, 2011, Board Meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. Bills, Payroll Records, Annuities, Spouse & Child Annuities, Ordinary & Duty Disabilities and Refunds.

It was moved by Trustee McFadden and seconded by Trustee Herrera that the presented payroll, bills and recommendations for annuities, disabilities and refunds be approved.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,  
McFadden, Summers

NAYS: None

Vote Result: MOTION ADOPTED

2. November 17, 2011 Health Benefit Committee Recommendations

It was moved by Trustee McFadden and seconded by Trustee Balanoff that the Board approve the recommendation of the Health Benefit Committee to retain Pharmacy Outcome Specialists to conduct an audit of CVS/Caremark for the plan years 2009 and 2010 at a cost not to exceed \$25,000, it was further moved that the Fund's staff take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,  
McFadden, Summers

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Balanoff that the Board approve the recommendation of the Health Benefit Committee to approve the offering of a Voluntary Dental Plan provided by Guardian, upon the terms presented at the Health Benefit Committee meeting on November 17, 2011; it was further moved that the Fund's staff take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements by the Executive Director.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

3. November 22, 2011 Investment Committee Recommendations

It was moved by Trustee McFadden and seconded by Trustee Summers that the Board approve the recommendation of the Investment Committee made at their meeting on November 22, 2011, that the County Fund, as a limited partner in Evercore Capital Partners II, consent to the proposed two year extension and that the Investment Consultant and the Fund's Investment Staff, in consultation with Fund Legal Counsel, be authorized to take all action reasonably necessary to effectuate and communicate the foregoing.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee McFadden and seconded by Trustee Summers that the Board approve the recommendation of the Investment Committee made at their meeting on November 22, 2011, that the County Fund, as a limited partner in Wind Point Partners V, consent to the proposed one year extension and that the Investment

Consultant and the Fund's Investment Staff, in consultation with Fund Legal Counsel, be authorized to take all action reasonably necessary to effectuate and communicate the foregoing.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee McFadden and seconded by Trustee Summers that the Board approve the recommendation of the Investment Committee made at their meeting on November 22, 2011, to not retain Goldman Sachs for their Core Plus Fixed Income mandate. It was further moved that the Board approve Loomis Sayles for a mandate of approximately 12% of the total fixed income mandate for the Cook County Fund which is to be funded from the current fund structure implementation subject to satisfactory completion of final due diligence and successful contract negotiations. It is further moved the Fund Investment Staff, including the Executive Director, be authorized to take all action reasonably necessary to effectuate the foregoing, including the execution and delivery of related written documents on the Fund's behalf by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, McFadden, Summers

PRESENT: Lewandowski

NAYS: None

Vote Result: MOTION ADOPTED

Trustee Fitzgerald thanked Goldman Sachs for their service and indicated that they have served the Fund well by outperforming their benchmark over the years.

Mr. Degnan informed the Trustees that the staff attended the Illinois Senate Committee on Pensions Hearing on Emerging Minority Manager Issues on December 6, 2011. Trustee Benjamin, Ron Payton, CEO of Callan and Thurman White, President of Progress Investments also attended. Mr. Degnan explained that similar hearings are held each year and all state and local pension funds attend. Mr. Degnan reviewed the Fund's targets with the Board and recommended that in light of our transition and Trustee turnover, the targets be reviewed again early next year.

#### 4. 2012 Budget Recommendation

After discussion of various items within the proposed budget, the Trustees suggested some changes and recommended that staff re-present the matter at the next meeting. The matter was deferred at the call of the Chair.

It was moved by Trustee McFadden and seconded by Trustee Herrera that the Board convene an Executive Session pursuant to Sections 2(c)(1) of the Open Meetings Act, 5 ILCS 120, to discuss compensation matters.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,  
McFadden, Summers

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Herrera to return to Open Session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

Upon returning from Executive Session it was moved by Trustee McFadden and seconded by Trustee Herrera to accept the recommendation of the Executive Director with respect to compensation.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,  
McFadden, Summers

NAYS: None

Vote Result: MOTION ADOPTED

5. Administrative Matters

a. Election of Officers and Committee Assignments 2012

It was moved by Trustee Summers and seconded by Trustee McFadden that the following members of the Retirement Board shall serve, respectively, as Officers, until a successor is elected: John Fitzgerald: President; Clem Balanoff: Vice-President; and Alexis Herrera: Secretary.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee Summers and seconded by Trustee McFadden that all the members of the Retirement Board shall serve on the Investment Committee and that Patrick J. McFadden shall serve as Chairman. It is further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee Summers and seconded by Trustee McFadden that the Emerging Minority Investment Committee be realigned and designated as a sub-committee of the Investment Committee. It was further moved that the following members of the Retirement Board shall serve on the Emerging Minority Investment Sub-Committee: Alexis Herrera: Chairman; Robert Benjamin: Robert Janura; Patrick J. McFadden and Kurt Summers. It is further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

It was moved by Trustee Summers and seconded by Trustee McFadden that the following members of the Retirement Board shall serve on the Health Benefit Committee: John Fitzgerald: Chairman; Clem Balanoff: Robert Benjamin; Brent Lewandowski and Patrick J. McFadden. It is further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

b. 2012 Meeting Schedule

It was moved by Trustee Balanoff and seconded by Trustee Janura, consistent with the recommendation of the Fund's professional staff and the Fund's counsel, that the proposed 2012 Meeting Schedule be adopted as amended.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

c. Certification of 2011 Trustee Education

It was moved by Trustee Balanoff and seconded by Trustee Herrera pursuant to Section 1-113.18 of the Illinois Pension Code, and based upon the Executive Director's report establishing that each of the Trustees has met the statutory requirements of at least 8 hours of ethics, fiduciary and investment training as of December 31, 2011, (with the exceptions of the newly appointed Trustee Summers who was sworn to his office on or about November 3, 2011, and the newly elected Trustee Lewandowski, who was sworn to his office on December 1, 2011), that the proposed 2011 Annual Certification of Trustee Training be approved and that the President of the Board be authorized to execute the same on behalf of the Board. It is further moved that the Fund's staff shall file said 2011 Annual Certification of Trustee Training with the Department of Financial and Professional Regulation, Division of Insurance, as required by Section 1-133.18 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

d. Education and Travel Pre-approval

It was moved by Trustee McFadden and seconded by Trustee Benjamin, consistent with the recommendations of the Fund's professional staff and the Fund's counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Employee in attending the IPPFA's Certified Trustee Program 12-1 on January 12, February 9, March 8, and April 12, 2012, or Program 12-2 on January 23-26, 2012, in Hoffman Estates, Illinois, at a program cost of \$750 per attendee be approved, provided that reimbursement shall be in and for amounts consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,  
McFadden, Summers

PRESENT: None

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Benjamin, consistent with the recommendations of the Fund's professional staff and the Fund's counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Employee in attending the Callan 32<sup>nd</sup> National Conference on January 30-February 1, 2012 in San Francisco, California, which requires no program cost which is included in the annual fee, be approved, provided that reimbursement shall be in and for amounts consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandowski,  
McFadden, Summers

PRESENT: None

NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Benjamin, consistent with the recommendations of the Fund's professional staff and the Fund's counsel, that the expenses, including any associated travel expenses, incurred by Trustee Balanoff in attending the Harvard Law School-10<sup>th</sup> Annual Pensions and Capital Stewardship Conference in Cambridge, Massachusetts on March 28-30, 2012, which requires no conference fee, be approved, provided that reimbursement shall be in and for amounts consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

AYES: Benjamin, Fitzgerald, Herrera, Janura, Lewandowski, McFadden,  
Summers

PRESENT: Balanoff

NAYS: None

Vote Result: MOTION ADOPTED

e. Lobbyist Services

It was moved by Trustee Janura and seconded by Trustee Balanoff that John McCabe & Associates be retained to provide lobbyist services for 2012 at the annual fee of \$24,000 upon the same terms as proposed in their engagement letter dated October 29, 2011, and it is further moved that the Fund's staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, Lewandoski,  
McFadden

PRESENT: Summers

NAYS: None

Vote Result: MOTION ADOPTED

6. Legislative Update

Fund fiduciary counsel, Mary Pat Burns, reviewed HB3813 with the Trustees and explained that amendments thereto may be forthcoming. Ms. Burns also explained a recent Illinois Attorney General Opinion regarding personal cell phones and email accounts of the Trustees. She further explained that the opinion may be challenged. The Trustees requested that Ms. Burns update her fiduciary liability presentation for both matters and present it to them in the near future.

7. Actuarial Analysis.

It was moved by Trustee Summers and seconded by Trustee Herrera, consistent with the recommendations of the Fund's staff, that the Fund's actuary, Goldstein & Associates, be retained to conduct the proposed actuarial analysis of the Forest Preserve Fund at a cost of \$5,000 and it is further moved that the Fund's staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of any necessary written agreements by the Executive Director.

Roll Call Vote:

AYES: Balanoff, Benjamin, Fitzgerald, Herrera, Janura, McFadden,  
Summers

PRESENT: Lewandowski

NAYS: None

Vote Result: MOTION ADOPTED

Mr. Degnan explained that over the past year, Commissioner Gainer, the Chairman of the Pension Subcommittee, has engaged the Fund's actuary to conduct analysis in order to further understand and pursue solutions to the unfunded liability issue facing the Funds. The Fund has offered its cooperation to the Pension Subcommittee through attendance at the Subcommittee meetings, providing actuarial analysis and allowing access to the Fund's actuarial data. Commissioner Gainer is seeking further actuarial analysis from the Fund's actuary at her office's expense and will share the analysis with the Fund. In order to conduct further analysis, the Fund's actuary must access our data. Further the Commissioner is seeking access to the Fund's data for purposes of sharing that data with other actuaries. The Trustees discussed the request and expressed concern over privacy concerns of the members and over whether some of the analysis would be in the best interest of the Fund.

The Board requested that the Executive Director and Fund counsel review the request to determine whether it is consistent with the best interest of the Fund and whether any privacy issues could be properly addressed.

8. Old Business/New Business.

9. Adjournment.

After consideration of all other items of business, it was moved and seconded that the meeting be adjourned.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE.

The Board's next regular meeting is scheduled for January 5, 2012.